



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 12/22/2006

GAIN Report Number: NL6047

Netherlands

Dairy and Products

DEIP: Dairy Monthly World Market Report

2006

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Report Highlights: Prices for milk powders increased due to lower milk deliveries than anticipated and continuing expansion of cheese production.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1]
[NL]

Major developments since the beginning of December 2006 include:

- ? Prices for milk powders increased due to lower milk deliveries than anticipated and continuing expansion of cheese production.
- ? NFDM exports are absent due to the limited availability on the domestic market. Also butter, butter oil and WDM exports are at a low level.
- ? *The exchange rate on December 22 was 1 US dollar = EURO 0.759*

Milk:

During the first nine months of 2006, EU-25 milk production declined by 1.3 percent compared to 2005. Milk deliveries are reportedly recovering. Traders believe EU milk production will increase further during next year.

Cheese:

During the first nine months of 2006, EU-25 cheese production increased by more nearly three percent. Based on investments in the sector, traders expect production to increase further in 2007. During the first ten months of 2006, EU-25 cheese exports increased by nearly four percent.

Butter: (80-84 pct fat)

During the first nine months of 2006, EU butter production declined by five percent, while butter oil production declined by nearly eight percent. The main reasons for the lower production of butter and butter oil are the limited milk deliveries and the low fat content of the milk. During the first ten months of 2006, EU-25 butter and butter oil exports declined by about ten and fifty percent, respectively. Butter oil exports are at a low level (see table with pre-fixations), mainly due to the strong competition from Oceania. On December 22, the export price was quoted at US\$ 2,050 per MT, FOB Rotterdam.

Non Fat Dry Milk (NFDM): (spray, less than 1.5 pct butterfat)

During the first nine months of 2006, EU NFDM production declined by fourteen percent. At the moment, EU exports of NFDM are nearly absent. During the first ten months of 2006, EU-25 NFDM exports declined by more than fifty percent. Sector sources believe that if this tight situation will continue, EU NFDM imports will increase. EU NFDM production is expected to recover during the first quarter of 2007. On December 22, the export price was quoted at US\$ 3,100 per MT FOB Rotterdam.

Whole Dry Milk (WDM): (spray, 26 pct butterfat)

Traders report that WDM prices are rising due to an increased demand for milkfat. During the first seven months of 2006, EU WDM production declined by seven percent. WDM exports are at a low level but are, in comparison with EU NFDM exports, reportedly still competitive on the world market. During the first ten months of 2006, EU-25 WDM exports declined by nearly twenty percent. On December 22, the export price was quoted at US\$ 3,000 per MT FOB Rotterdam.

Dairy Trade Data:

Export Subsidies - (EURO per 100kg)						
Date	04/28/06	05/27/06	06/16/06	10/13/06	11/17/06	12/15/06
Cheese (Cheddar)						
-Russia	56.30	56.30	51.30	50.00	43.50	43.50
-CEEC	39.43	39.43	35.93	35.02	30.47	30.47
-US	-	-	-	-	-	-
-Other regions	56.30	56.30	51.30	50.00	43.50	43.50
Butter	97.08	97.08	97.08	97.08	96.10	94.64
Butter Oil	103.15	103.15	103.15	103.15	102.11	100.56
Non Fat Dry Milk	5.00	3.00	0	0	0	0
Whole Dry Milk	54.00	54.00	54.00	52.00	31.00	21.00

Prefixations - (Metric Tonnes)			
Date	01/11/05 – 12/13/05	01/10/06 – 12/12/06	Index
NFDM	174,328	22,883	13
Butter	146,375	123,130	84
Butter oil	58,586	16,535	28

EU Stocks of Butter and Non Fat Dry Milk - (Metric Tonnes).					
Date	01/13/05	08/24/06	10/12/06	11/16/06	12/14/06
Butter, Intervention	169,621	130,916	120,663	95,515	75,953
Butter, Private Storage Aid	35,934	98,916	78,982	57,012	45,984
Non Fat Dry Milk, Intervention	65,517	0	0	0	0

Current Dutch (Official) Local Market Price Quotations (All prices are in EURO per kilogram net, basis free factory)											
Date	10/11	10/18	10/25	11/01	11/08	11/15	11/22	11/29	12/06	12/13	12/20
Fresh butter (EU cardboard boxes)	2.50	2.52	2.52	2.54	2.56	2.56	2.56	2.56	2.56	2.56	2.56
Non fat dry milk (for intervention)	2.29	2.29	2.29	2.30	2.30	2.30	2.31	2.33	2.35	2.35	2.35
Non fat dry milk (for feed)	2.25	2.25	2.25	2.26	2.26	2.26	2.26	2.27	2.29	2.27	2.24
Whole dry milk (26 pct, fat spray)	2.36	2.38	2.40	2.42	2.44	2.47	2.47	2.47	2.51	2.51	2.51
Dry whey powder (spray)	0.81	0.79	0.79	0.79	0.81	0.86	0.89	0.95	0.99	1.01	1.02

1) Extra grade. 2) Standard grade.

For cheese prices or other additional information, please contact Bob Flach at the FAS office in The Hague, phone +31 (0)70 310 2303 or e-mail: bob.flach@usda.gov